Research Proposal for Ph.D. in Commerce

On

Role of Micro Finance Institutions in Development of Women Entrepreneurs in Nanded District

Submitted to

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Nanded

By

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Introduction

Microfinance is the source of financial services for small businesses and entrepreneurs which lacks access to banking services. There are two mechanisms for the delivery of financial services to such clients is as follows: 1) Relationship based banking for small business and individual entrepreneurs; and 2) group based model where many entrepreneurs come together to apply for loans and other services as a group.

The history of micro financing can be traced back to the middle of the 1800s when the theorist Lysander Spooner was writing over the benefits from small credits to entrepreneurs and farmers as a way getting the people out of poverty. But it was at the end of World War II with the Marshall plan the concept had a big impact. The today use of the expression micro financing has its roots in the 1970s when organizations, such as Grameen Bank of Bangladesh with the microfinance pioneer Mohammad Yunus, where starting and shaping the modern industry of micro financing. Another pioneer in this sector is Akhtar Hameed Khan. At that time a new wave of microfinance initiatives introduced many new innovations into the sector. Many pioneering enterprises began experimenting with loaning to the underserved people. The main reason why microfinance is dated to the 1970s is that the programs could show that people can be relied on to repay their loans and that it´s possible to provide financial services to poor people through market based enterprises without subsidy. Shore bank was the first microfinance and community development bank founded 1974 in Chicago.

The microfinance industry in India is in the midst of the most severe crisis in its 25 year history. In India, banks are the predominant agency for delivery of micro-credit. In 1970, Ilaben Bhat, founder member of 'SEWA' (Self Employed Women's Association) in Ahmadabad, had developed a concept of 'women and micro-finance'. The Annapurna Mahila Mandal' in Maharashtra and 'Working Women's Forum' in Tamilnadu and many National Banks for Agriculture and Rural Development (NABARD)-sponsored groups have followed the path laid down by 'SEWA'. 'SEWA' is a trade union of poor, self-employed women workers. Since 1987 'Mysore Resettlement and Development Agency' (MYRADA) has promoted Credit Management Groups (CMGs). CMGs are similar to self-help groups. The basic features of this concept promoted by MYRADA are: 1] Affinity, 2] Voluntarism, 3]

Homogeneity and 4] Membership should be limited to15-20 persons. Aim of the CMG is to bestow social empowerment to women.

Statement of Problem

Nanded is one of the backward district of Marathwada regions of Maharashtra and have a predominantly agrarian economy. It comprises of sixteen talukas viz. Nanded, Hadgaon, Kinwat, Bhokar, Billoli, Degloor, Mukhed, Kandhar and Loha. Majority of its population lives in rural areas. The literacy rate of Nanded district is 48.17% as compared to 64.87% of Maharashtra. Banks do not know how to evaluate business projects made by women. Own perceptions of the women entrepreneurs: fear to be refused, unwillingness to have caution from partner, doubts about defending the project not enough knowledge of what is available for the business

There are various problems associated with the women entrepreneurs for establishing their business such as;

- Finance and Credit;
- The problem of inventory;
- Turnover.

Need and Significance of the study

Society has three major dimensions of business. Every business firm and individuals associated with it are parts of the society. Women entrepreneurs are one of most important part of the society. Many policy makers are therefore engaged on how to make microfinance sustainable and available to many poor households and specially women in the future. Many stake holders in the microfinance industry especially donors and investors argue that, Microfinance can pay for itself, and must do so if it is to reach very large numbers of women entrepreneurs. Microfinance is an effective development tool for poverty reduction since the financial services enable the poor and low income households to take advantage of the economic opportunities to increase their living standards through self-employment of women.

Economic empowerment results in women's ability to influence or make decision, increased self confidence, better status and role in household etc. Micro finance is necessary to overcome exploitation, create confidence for economic self reliance of the rural poor, particularly among rural women who are mostly invisible in the social structure.

Objectives of the study

The study was guided by the following objectives:
(i) To examine strategies put in place by Micro finance Institutions to develop women entrepreneurs;
(ii) To determine what effect microfinance institutions have on development of women entrepreneurs;
(iii) To assess the perceptions of microfinance beneficiaries on the poverty reduction strategies put in place by MFIs;

Hypothesis

- Finance is important for development but cannot by itself enable very poor women to overcome their poverty.
- Making credit available to women does not automatically mean they have control over its use and over any income they might generate from micro enterprises.
- In today's world of poverty it is more important to provide saving services than to offer credit.

Research Methodology

a) Sample Design

The district comprises of 16 talukas which covers 80 Micro finance institutions. These institutions are providing finance to more than 1,92,000 women entrepreneurs.

b) Primary Data

The primary data pertaining to Micro Finance Institutions initiatives of industries in study area will be acquired from personal interviews and questionnaire survey.

c) Secondary Data

The secondary data will be obtained from Internet, Books and Journals.

d) Statistical Tools

The collected data will be tabulated, classified and analyzed through several statistical tools such Average, Percentage, Pearson correlation, t-test etc.

Scope and Limitations of the study

This study will be carried out in Nanded District of Maharashtra. The proposed study is confined to the Micro Finance Institutions initiatives of Women entrepreneurs of Nanded District. The data will be collected for five years i.e. 2010-11 to 2014-2015.

Tentative organization of text/Chapter Scheme

The proposed study will be presented in the form of a thesis. The text of the thesis will tentatively be divided in seven chapters. The outline of the chapter scheme is briefed as under.

Chapter – I – Introduction

This chapter will include introduction, statement of research problem, objectives, description of the study area, data sources, sample design, methodology and hypothesis.

Chapter – II- Review of Literature

This chapter will deal with the review of existing literature on the research in Role of Micro Finance Institutions and its various dimensions at International, national and regional levels.

Chapter –III – Profile of Nanded District

Chapter – IV- Role of Micro Finance Institutions in Socio- political development of women entrepreneur

This chapter will deal with the analysis of primary data collected from the micro finance institutions.

Chapter – V – Role of Micro Finance Institutions in Economic development of women entrepreneur

This chapter will deal with the analysis of primary data collected from the micro finance institutions.

Chapter – VI – Conclusions, Findings, Suggestions and Recommendations

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